

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON, D. C. 20224

Industry Circular No. 67-9

July 26, 1967

ADJUSTMENT OF RECORDS AND REPORTS

Brewers, proprietors of bonded wine cellars,
and others concerned:

This circular is issued to inform you of the provisions of a revenue procedure which will be published in an early issue of the Internal Revenue Bulletin. The revenue procedure will prescribe instructions for making adjusting entries in daily records and monthly reports where quantities of beer or wine previously reported therein are affected by adjustments for underpayment or overpayment of tax on Form 2034, Beer Tax Return, and Form 2050, Wine Tax Return.

The revenue procedure will be published substantially as follows:

1. ERRORS IN TAXPAYMENT NOT AFFECTING RECORDS AND REPORTS.

Where errors involving the underpayment or overpayment of tax are found in a brewer's records and such errors do not affect the quantities of beer removed subject to tax as reported on Form 103, Brewer's Monthly Report of Operations, and on Form 2051, Record of Brewery Operations, adjusting entries need be made only on the tax return Form 2034 in the spaces provided therefor. Similarly, where errors involving underpayment or overpayment of tax are found in a winemaker's records, and such errors do not affect quantities of wine removed subject to tax as reported on Form 2056, Record of Still Wine; Form 2057, Record of Effervescent Wine; and Form 702, Monthly Report of Wine Cellar Operations; adjusting entries need be made only on the tax return Form 2050.

2. ERRORS IN TAXPAYMENT AFFECTING ENTRIES IN RECORDS AND REPORTS.

Where errors involving underpayment or overpayment of tax are adjusted on a tax return, Form 2034 or Form 2050, and such adjustments affect the quantities reported on a monthly report or in daily records for a previous month, brewers, as prescribed in section 3, and winemakers, as prescribed in section 4, shall make the necessary adjusting entries on their monthly reports and in their daily records.

3. PROCEDURES FOR BREWERS.

Where the quantity of beer previously reported on Forms 103 or 2051 is affected by adjustments made on a tax return, Form 2034, such adjustments shall be shown by special entries on current Forms 103 and 2051, as applicable.

Since Part I of Form 103 is a balanced account, any understatement or overstatement of removals subject to tax must be balanced by an understatement or overstatement in one or more of the other items in the report. Consequently, adjustments shall be made by making plus or minus entries interlined on the appropriate lines in columns (d) and (f) of the current Form 103 to correct the previous errors. No adjusting entries should be made in column (g); however, the totals in column (g) shall reflect the addition or subtraction of the adjustments shown in columns (d) and (f). The totals, line 33, of columns (d) and (f) shall also reflect the adjusting entries. Similar adjustments shall be made on the current Form 2051 by interlining plus or minus entries in the appropriate columns. Adjusting entries shall be fully explained in an unused space on Form 103 or Form 2051, as applicable, or in a separate attachment thereto. Where commercial records are kept in lieu of Form 2051, in accordance with the provisions of 26 CFR 245.225, appropriate adjusting entries shall be made therein.

4. PROCEDURES FOR WINEMAKERS.

Where the quantity of wine previously reported on Forms 702, 2056, or 2057 is affected by adjustments made on a tax return, Form 2050, such adjustments shall be shown by special entries on the current Forms 702, 2056, and 2057, as applicable.

Since Part I of Form 702 is a balanced account, any understatement or overstatement of removals subject to tax must be balanced by an understatement or overstatement in one or more of the other items in the report. Consequently, adjustments shall be made by interlining plus or minus entries on appropriate lines and columns of Part I, Section A (and Section B, if bottled wine is involved) of the current Form 702 to correct the previous errors. Totals for the columns in which the adjustments are made shall reflect the adjusting entries. Similarly, adjustments shall be made on the current Forms 2056 and 2057 by interlining plus or minus entries in the appropriate columns. Adjusting entries shall be fully explained by a notation in Part X on Form 702 or in column (b) of Forms 2056 and 2057 or in a separate attachment thereto.

Inquiries concerning this circular should refer to its number and be addressed to your Assistant Regional Commissioner, Alcohol and Tobacco Tax.



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